

sooner than scheduled because of LNP requirements. Although the ILECs claim that only clearly identifiable advancement costs will be recovered in the LNP tariffs, there is absolutely no support offered on the extent of these costs that are assumed to be the result of LNP implementation. The Commission has already stated that the recovery of advancement costs is not permitted. The Commission should continue to deny recovery of these costs even if the ILECs attempt to substantiate the claim that their capital programs have been accelerated by LNP requirements.

VII. THE ALLOCATION OF END USER COSTS TO INTERCARRIER QUERY TARIFFS PLACES AN ADDITIONAL LNP COST BURDEN UPON NEW ENTRANTS THAT WILL FURTHER SLOW THE DEVELOPMENT OF LOCAL COMPETITION.

Two of the ILECs (i.e. SBC and Pacific Bell) have arbitrarily allocated 15% of the total costs from the Basic Service Provider Number Portability ("SPNP") tariff that the telephone company's local customers will be charged to the per query tariffs that the N-1 carrier will be charged. In the case of SBC, the arbitrary allocation results in an additional \$50.3 million in costs to be recovered from carriers using the per query tariff. The amount allocated by Pacific Bell from its Basic SPNP tariff to the per query tariff totals \$49.1 million. The companies attempt to justify the transfer of costs from the Basic SPNP tariff to the per query tariff by claiming that database query will be a competitive service. But the ILEC claims are not grounded in reality. An economical provider of database query services that can rival the incumbent local exchange carriers' economies of scale and scope has yet to emerge. The arbitrary 15% allocation of costs results in an anti-competitive shifting of costs to the incumbent carriers' potential competitors. The assumption of 15% of the Basic SPNP costs in addition to the inflated costs of the query tariffs represents a burden that alternative service providers are hardly in a position to afford as they struggle to compete with an entrenched rival. It is ironic that the incumbent carriers would expect their potential competitors to fund

the costs of serving the ILECs' subscribers. The Commission should not permit such an arbitrary shifting of cost recovery between LNP tariffed services.

Appendix A

William Barta
President, Henderson Ridge Consulting, Inc.

I have been involved and/or testified in State regulatory proceedings that have been initiated to examine local competition and universal service in response to the 1996 Act. With respect to local competition rulemakings, I have participated and testified in dockets to establish the appropriate wholesale percentage discount for resale purposes and to establish permanent prices for local interconnection and unbundled network elements. In these engagements, I have addressed policy and technical issues, including the analysis of the forward-looking economic cost ("FLEC") models which support the Total Service Long Run Incremental Cost ("TSLRIC") studies and Total Element Long Run Incremental Cost ("TELRIC") studies submitted by the incumbent local exchange carriers and other industry participants.

I have been retained as an expert witness in other proceedings related to the development of local competition. I am currently conducting an avoided retail cost study in order to determine the appropriate wholesale percentage discount that should be available for the resale of a Regional Bell Operating Company's Contract Serving Arrangements/Special Billing Arrangements. These dockets require a detailed understanding of different costing methodologies. The very same cost support issues that have been deliberated in these dockets confront the Commission in the Local Number Portability proceeding.

EDUCATION

Emory University

M.B.A. (1982)

Marketing and Finance

The Lindenwood Colleges

B.A. with Honors (1978)

Business Administration and Accounting

PROFESSIONAL CERTIFICATION

Certified Public Accountant

Certified Fraud Examiner

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Association of Certified Fraud Examiners

EMPLOYMENT HISTORY

1988 - 1995:	J. Kennedy and Associates	Manager
1986 - 1988:	Contel Corporation	Financial Planning Coordinator
1982 - 1986:	AT&T	Financial Analyst and Account Executive
1981	Simmons, U.S.A.	Special Projects Staff (summer internship)
1979 - 1980:	Gould, Inc.	Senior Accountant
1978 - 1979:	SCNO Barge Lines, Inc.	Staff Accountant

REPRESENTATIVE EXPERIENCE

Management Audits:

Conducted comprehensive and focused management audits of a major electric investor owned utility, a generation and transmission electric cooperative, distribution electric cooperatives, a Bell Operating Company, and independent local exchange carriers.

Alternative Regulation Assessments:

Assessed the ratemaking and competitive impact of the incentive regulation proposals advanced by an electric investor owned utility, AT&T, and a Bell Operating Company and assisted in the development of a state public commission staff's response to the state legislature's proposed local exchange competition plan.

Appendix A
Page 3

Merger Evaluations:

Evaluated the administrative and operational synergies projected in a merger between two electric investor owned utilities and the level of savings and operational efficiency to be achieved from the combination of separate subsidiaries within a Bell Regional Holding Company.

Demand Side Management Program Analyses:

Performed a comprehensive review of the assumptions used in the development of proposed Demand Side Management ("DSM") programs and the benefit/cost ratios of implementing proposed DSM programs as determined by standard regulatory tests. Of particular interest was the nonregulated revenue potential resulting from a load management program designed to achieve spinning reserve status by providing real time communications between the residential customer and the operating dispatch center.

Affiliate Transactions Reviews:

Conducted extensive cost allocation studies and transaction audits of a Bell Regional Holding Company's on-going affiliate transactions, the sale of an electric utility's generating facilities to (and subsequent participation in) a joint venture between the utility and three of its largest industrial customers, the integrated sale of an electric utility's mining operation and long-term coal purchase agreement, and the provisions under which a nonregulated subsidiary of an electric utility would market the excess telecommunications capacity of a Demand Side Management program.

Accounting and Finance Investigations:

Performed comprehensive earnings investigations and revenue requirements studies of AT&T, a Bell Operating Company, independent local exchange carriers, electric investor owned utilities, a generation and transmission electric cooperative, and electric distribution cooperatives.

Appendix A
Page 4

Expert Testimony Appearances

<u>Date</u>	<u>Case No.</u>	<u>Jurisdiction</u>	<u>Company</u>	<u>Subject Matter</u>
July 1989	333-272	Louisiana	South Central Bell Telephone & Telegraph	Realized and projected rates of return.
August 1989	U-17970	Louisiana	AT&T Communications	Earnings investigation, network modernization, and alternative regulation.
October 1989	U-17282	Louisiana	Gulf States Utilities	Operating expense analysis and nonregulated joint venture evaluation.
January 1990	U-17282	Louisiana	Gulf State Utilities	Regulatory treatment of gain on sale of utility property.
July 1991	4004-U	Georgia	GTE Telephone	Network modernization and depreciation represcription.
October 1991	U-17282	Louisiana	Gulf States Utilities	Results of comprehensive management audit.
Dec. 1992	U-17949 Subdocket A	Louisiana	South Central Bell Telephone and Telegraph	Network technology and modernization and construction program evaluation.
Dec. 1992	U-19904	Louisiana	Entergy/Gulf States	Non-fuel O&M merger related synergies.
March 1993	93-01-E1 EFC	Ohio	Ohio Power Company	Accounting and regulatory treatment of the sale of an affiliate's investment.

Appendix A
Page 5

Expert Testimony Appearances - continued

<u>Date</u>	<u>Case No.</u>	<u>Jurisdiction</u>	<u>Company</u>	<u>Subject Matter</u>
March 1993	U-19994	Louisiana	Entergy/Gulf States	Merger related synergies.
August 1993	U-19972	Louisiana	Ringgold Telephone Company	Earnings investigation, network modernization, and construction program.
October 1993	U-17735	Louisiana	Cajun Electric Power	Earnings investigation.
May 1994	U-20178	Louisiana	Louisiana Power & Light Company	Analysis of Least Cost Integrated Resource Plan and Demand Side Management programs.
October 1994	5258-U	Georgia	Southern Bell Telephone & Telegraph	Price regulation and incentive rate plan review.
June 1995	3905-U	Georgia	Southern Bell Telephone & Telegraph	Rate design and alternative regulation.
June 1996	96-02-002	California	Pacific Bell Telephone & Telegraph	ISDN TSLRIC study evaluation
August 1996	U-22020 (Direct)	Louisiana	BellSouth Telecomm. Inc.	Avoided retail cost study
Sep. 1996	U-22020 (Rebuttal)	Louisiana	BellSouth Telecomm. Inc.	Avoided retail cost study
Oct. 1997	97-01262 (Direct)	Tennessee	BellSouth Telecomm. Inc.	Permanent pricing for local interconnection and UNEs
Oct. 1997	97-01262 (Rebuttal)	Tennessee	BellSouth Telecomm. Inc.	Permanent pricing for local interconnection and UNEs

Appendix A
Page 6

Expert Testimony Appearances - continued

Nov. 1997	97-00888	Tennessee	Universal service policy issues
Dec. 1997	P-100, Sub 133b	North Carolina	Universal service FLEC models
Dec. 1997	P-100, Sub 133d	North Carolina	Permanent pricing for local interconnection and UNEs
Jan. 1998	P-100, Sub 133b (Rebuttal)	North Carolina	Universal service FLEC models
Mar. 1998	P-100, Sub 133d (Rebuttal)	North Carolina	Permanent pricing for local interconnection and UNEs
Mar. 1998	P-100, Sub 133g	North Carolina	Universal service policy issues
Mar. 1998	97-07488	Tennessee	Affiliate transactions
Aug. 1998	980696-TP (Direct)	Florida	Universal service FLEC models
Sep. 1998	980696-TP (Rebuttal)	Florida	Universal service FLEC models
Sep. 1998	U-22252, Subdocket D	Louisiana	Avoided retail cost study for CSAs/SBAs

Appendix B

Recommended LNP Cost Support

Incremental Switching, Transport, and Signaling Network Investments

LNP Vendor Software Release

Transport Investment

Signal Transfer Points (STPs)

Service Control Points (SCPs)

The incumbent carriers should identify the number of switches that will be provisioned for LNP each year during the forecast period by type of switch (e.g. host/remote, 5ESS/DMS10/100). Cost detail should be provided on the discounted vendor price for switch software and the incremental STP and SCP signaling links. An Engineered, Furnished, and Installed cost should be provided for each switch and signaling link or complete documentation should be provided in the case of a total in-plant factor being applied. All assumptions regarding the requirement for additional transport investment as a result of LNP implementation should also be disclosed.

Operational Support Systems Investment

The incumbent carriers should identify the investment required to implement LNP by type of system for each year in the forecast period. The total investment amount should document the type of external and internal costs that are considered necessary to implement the new, or revise the existing, OSS. In the case of a system's costs being totally assigned to LNP, explain why the system's capabilities are dedicated to LNP provision and cannot be used to provide other services.

Capital Costs

The incumbent carriers should provide the documentation underlying the capital cost factor that is applied to each type of investment. The documentation of the annual capital cost factor should separately identify the levelized depreciation factor, the income tax factor (grossed-up for the equity component of the rate of return), the ad valorem factor, the rate of return factor, and the capital stock factor, if applicable. The depreciation factor should state the assumed economic life and future net salvage rate for each type of investment.

Appendix B
Page 2

Operating Expenses

If annual cost factors are applied to investment levels in order to determine projected expense levels, then the incumbent carriers should document the source data on which the factors are derived. Any adjustments to recast historical expenses as forward-looking should be documented, including an explanation of all assumptions and the effect of each adjustment on a Part 32 primary account basis.

Joint and Common Cost Recovery

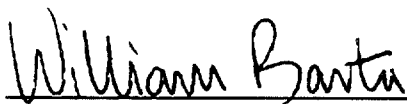
The incumbent carriers should identify the amount of incremental joint and common costs arising from the provision of LNP. In the absence of being able to explicitly identify the incremental amount of joint and common costs triggered by LNP implementation, the incumbent carriers should apply a uniform percentage mark-up as authorized by the Commission. The uniform percentage mark-up should be consistent with the recovery of joint and common costs for the incumbent carriers' more competitive offerings.

Incremental Overhead Cost Recovery

The incumbent carriers should document the amount of incremental overhead costs related to LNP provision by Part 32 primary expense account. If an incremental overhead factor is applied, explain how the factor was derived.

I declare under penalty of perjury, under the laws of the United States of America, that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on the 10th day of September, 1998,
1140 Liberty Grove Road,
Alpharetta, Georgia 30004.

A handwritten signature in cursive script, reading "William Barta", written in dark ink. The signature is positioned above a horizontal line.

William Barta